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## BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

NOV 23 1998

DOCKETED BY

JIM IRVIN  
Chairman/ Commissioner  
RENZ JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

In the matter of:

ROBERT J. STAHL  
1644 W. Laredo St.  
Chandler, AZ 85224  
d/b/a Inve\$tit Opportunities

ELIZABETH BOYD  
1731 Golf Club Dr.  
Fort Myers, FL 33903-4680

DAVID V. FRANCIS  
200 Greathouse Rd.  
Bowling Green, KY 42103,

Respondents.

DOCKET NO. S-03276A-98-0000

ORDER TO CEASE AND DESIST,  
ORDER FOR ADMINISTRATIVE  
PENALTIES AND CONSENT TO SAME  
RE: DAVID V. FRANCIS

DECISION NO. 61246

Respondent DAVID V. FRANCIS elects to permanently waive his rights to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona with respect to this Order to Cease and Desist and Order for Administrative Penalties ("Order"); admits the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commission.

## I.

## FINDINGS OF FACT

1. DAVID V. FRANCIS ("FRANCIS"), whose last known address is 200 Greathouse Rd., Bowling Green, Kentucky 42103, at all relevant times offered and/or sold investments in a high yield bank debenture trading program, under the d/b/a of World Export & Trade ("World"). World is an unincorporated entity doing business from Bowling Green, Kentucky.

2. From at least April 1998 FRANCIS offered investors the opportunity to become

1 involved in "high yield trading programs" through top European banks. Investors were told that  
2 their money would be deposited in an investor-controlled account with a "trading bank". The bank  
3 would then utilize the account as collateral in order to trade medium term notes. The investor's  
4 money was "risk-free" because it was "guaranteed in full and in advance by a world prime bank."

5 3. The program offered by FRANCIS would produce a 100% return every 10 days.  
6 From the 100% return, 20% would be payable as a commission, while 80% would go to the  
7 investor. The program would "recycle" every 10 days, with a potential for several cycles until "shut  
8 down." FRANCIS stated that the International Chamber of Commerce requires that a certain  
9 percentage of the profits go to humanitarian projects. If the money is not used for that purpose, the  
10 program is shut down after three cycles. If the investor wished to accumulate returns, after reaching  
11 \$100 million, an even more lucrative program would be available.

12 4. FRANCIS provided information to potential investors that high returns would be  
13 realized through the trading of various financial instruments, such as medium term debentures,  
14 issued by one of the top 100 World Banks. Investor money would be placed in an investor-  
15 controlled account as "blocked funds" to provide the backing for issue of the financial instruments.  
16 Such instruments would then be traded to other banks at ever escalating prices. Investors were told  
17 that trading these financial instruments can take place in as little as a day, moving through several  
18 cycles until they may finally be purchased by a "retail customer" such as a pension fund or  
19 foundation. FRANCIS told potential investors that the blocked funds means that investor money is  
20 protected and will not be touched by the trading bank. However, potential investors were told that  
21 they need to place funds in a bank with inter-bank communication capabilities (known as "SWIFT")  
22 and federal wire capabilities.

23 5. FRANCIS provided information to potential investors stating that it is likely that the  
24 investor's local bank manager has no knowledge of the program, because few U.S. banks  
25 participate, due to the Federal Reserve operating independently of these programs. However,  
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1 potential investors were told that European banks have been participating in the program for fifty  
2 years.

3 6. In order to participate in the program, FRANCIS asked potential investors to provide  
4 a letter indicating confirmation of available funds in the investor's local bank along with the bank  
5 account number and a power of attorney, which would be assigned to the "trading bank." Investors  
6 were not provided the specific name of the "trading bank."

7 7. Potential investors were to agree that they would have no unauthorized contact with  
8 the trading bank, or the pay guarantees will be forfeited.

9 8. Potential investors were asked to sign an agreement stating that they were not  
10 solicited for the investment. This would be done because it was "against the law to solicit."

11 9. While potential investors were told that their money would be in an investor-  
12 controlled account, they were asked to sign a power of attorney, which in effect gave the trading  
13 bank the power to transact business utilizing the investor's account.

14 10. FRANCIS provided a written agreement indicating that "in the event trading is  
15 unsuccessful . . . payment" would be disbursed with "50% of returns to the Investment Group"  
16 [presumably the investor] and "50% of return to the "Program Coordinator" [presumably BOYD,  
17 FRANCIS, STAHL or affiliates]. However, FRANCIS orally assured the investor that their funds  
18 would never leave the account under investor control.

19 11. FRANCIS did not explain to potential investors how a multi-million dollar  
20 investment could be guaranteed and risk free, while used by a prime bank to generate the high  
21 returns.

22 12. In connection with the offer to sell the program, FRANCIS:

23 a) failed to provide information about the business background and experience  
24 of the individuals or financial institutions who would be responsible for  
25 generating the guaranteed returns or conducting trading.

26 b) failed to provide any track record of the program.

- 1 c) stated that the program entailed no risk of principal, because investor funds  
2 would remain under investor control, when in fact, the program as organized  
3 provided complete access to investor money through a power of attorney;  
4 d) promised investors returns that had no basis in fact;  
5 e) misrepresented the program as an exclusive and highly confidential venture  
6 between the investor and prime banks, when in fact, such programs do not  
7 exist in the legitimate financial world.

8  
9 **II.**  
**CONCLUSIONS OF LAW**

10 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
11 Arizona Constitution, and the Securities Act of Arizona, Title 44, Chapter 12, Arizona Revised  
12 Statutes, as amended (A.R.S. § 44-1801, et seq.)

13 2. From at least April 1998 to the present, DAVID V. FRANCIS offered and/or sold  
14 securities in the form of investment contracts within or from the state of Arizona, within the  
15 definitions of A.R.S. §§ 44-1801(12), 44-1801(18) and 44-1801(22).

16 3. The securities were not registered under A.R.S. §§ 44-1871 through 44-1875 or  
17 A.R.S. §§ 44-1891 through 44-1902; were not exempt securities under A.R.S. §§ 44-1843 or 44-  
18 1843.01; were not offered or sold in exempt transactions under A.R.S. § 44-1844; and were not  
19 securities exempt under any rule or order promulgated by the Commission.

20 4. DAVID V. FRANCIS offered and/or sold unregistered securities within or from the  
21 state of Arizona in violation of A.R.S. § 44-1841.

22 5. In connection with the offers and/or sales of securities, DAVID V. FRANCIS acted  
23 as a dealer and/or salesman within or from the state of Arizona, although not employed, appointed  
24 or authorized by a dealer, thereby not registered pursuant to the provisions of Article 9 of the  
25 Securities Act of Arizona, in violation of A.R.S. § 44-1842.

6. In connection with the offers and/or sales of securities. DAVID V. FRANCIS, directly or indirectly, made untrue statements of material fact and omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made, all in violation of A.R.S. § 44-1991.

7. DAVID V. FRANCIS is subject to an Order to Cease and Desist pursuant to A.R.S. § 44-2032 because he violated the provisions of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

8. DAVID V. FRANCIS is subject to administrative penalties pursuant to A.R.S. § 44-2036 because he violated the provisions of A.R.S. §§ 44-1841, 44-1842 and 44-1991.

### III.

### ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the Commission finds that the following Order is appropriate, in the public interest and necessary for the protection of investors:

1. IT IS ORDERED, pursuant to A.R.S. § 44-2032, that DAVID V. FRANCIS, and any agents, servants, employees, successors, or persons in active concert or participation with him CEASE and DESIST from the following and any other violation of the Securities Act of Arizona:

a) Offering to sell or selling securities within or from the state of Arizona unless the securities are registered with the Commission pursuant to Articles 6 or 7 of the Securities Act of Arizona, or the securities qualify for an exemption from registration;

b) Offering to sell or selling securities within or from the state of Arizona unless prior registration as a dealer or salesman is obtained under Article 9 of the Securities Act of Arizona, or an exemption from registration is available;

c) Offering to sell or selling securities within or from the state of Arizona through misrepresentations of material fact or omissions of material fact; including but not limited to:

- i. failing to provide information about the business background and experience of the individuals or institutions who would be responsible for generating investor returns;
- ii. failing to provide any track record of the program;
- iii. failing to disclose any risks that the investor would be subject to for participating in the venture.
- iv. promising returns that had no basis in fact;
- v. offering for sale a program that was represented as an exclusive and highly confidential venture, but which in fact does not exist in the legitimate financial world;

2. IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that DAVID V. FRANCIS shall pay an administrative penalty of two thousand five hundred dollars (\$2,500), by payment of \$500 upon entry of this Order, and beginning six months thereafter in increments of \$100 for a period of twenty months, all payments to be by cashier's check made payable to the "State of Arizona" for deposit in the General Fund of the state of Arizona. Should DAVID V. FRANCIS fail to make any monthly payment when due, the entire administrative penalty shall become due and payable immediately, with interest to accrue at the statutory rate of ten percent per annum.

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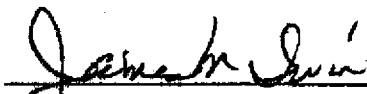
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3. IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I,  
JACK ROSE, Executive  
Secretary of the Arizona Corporation  
Commission, have hereunto set my  
hand and caused the official seal of this  
Commission to be affixed at the  
Capitol, in the City of Phoenix, this  
23rd day of Nov, 1998.

  
JACK ROSE  
Executive Secretary

DISSENT

1                   **CONSENT TO ENTRY OF ORDER BY THE COMMISSION**  
2                   **AND WAIVER OF HEARING**

3           DAVID V. FRANCIS acknowledges that he has been fully advised of his right to a hearing  
4 to present evidence and call witnesses. DAVID V. FRANCIS waives all hearing procedures and  
5 the right to appeal provided by the Securities Act of Arizona with respect to this Order to Cease  
6 and Desist, Order for Administrative Penalties and Order of Revocation ("Order") and Consent to  
7 Entry of Order ("Consent").

8           DAVID V. FRANCIS admits the jurisdiction of the Arizona Corporation Commission ("the  
9 Commission") with respect to the matters set forth in this Order and Consent.

10          DAVID V. FRANCIS neither admits nor denies the Findings of Fact and Conclusions of  
11 Law contained in this Order and Consent.

12          DAVID V. FRANCIS states that his entry into this Consent is a voluntary act and that no  
13 promise was made nor coercion used to induce DAVID V. FRANCIS to enter into it.

14          DAVID V. FRANCIS consents to the entry of this Order.

15          DAVID V. FRANCIS states that he has made no sales of interests in any programs offered  
16 through the Investit Opportunities web site, nor has he received any compensation for the sale of  
17 such programs.

18          DAVID V. FRANCIS agrees that he will not sell unregistered securities in the state of  
19 Arizona now or at any time in the future following entry of this Order.

20          DAVID V. FRANCIS understands that this Consent does not preclude any other agency,  
21 officer of this State or its subdivision, from instituting other civil or criminal proceedings now or in  
22 the future.

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1 While this Order settles all pending matters between DAVID V. FRANCIS and the  
2 Commission, DAVID V. FRANCIS understands that this Consent does not preclude the  
3 Commission from instituting other administrative, civil, or criminal proceedings, now or in the  
4 future, based on facts not presently known by the Commission or matters, which are not covered by  
5 this Order.

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8   
9 DAVID V. FRANCIS

10 SUBSCRIBED TO AND SWORN BEFORE me this 6 day of November  
11 1998, by DAVID V. FRANCIS.

12  
13   
14 NOTARY PUBLIC

15 My Commission Expires:

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17 Rob D. Colley, Notary Public  
18 State at Large, Kentucky  
19 My Commission Expires 6/9/2001  
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US Postal Service

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PS Form 3800, April 1995